

State of Michigan



Annual Report to the Governor

Calendar Year 2004



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Calendar Year 2004

Michigan Gaming Control Board
1500 Abbott Road, Suite 400
East Lansing, MI 48823

Submitted April 15, 2005
pursuant to the
Michigan Gaming Control & Revenue Act, as amended
(Public Act 69 of 1997)

Please direct inquiries to
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This document is also available online at
www.michigan.gov/mgcb



JENNIFER GRANHOLM
GOVERNOR

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD
EAST LANSING

DAN GUSTAFSON
EXECUTIVE DIRECTOR

April 15, 2005

Honorable Jennifer Granholm
Governor of Michigan

It is my distinct pleasure as Chairman to submit to you the 2004 annual report of the Michigan Gaming Control Board. This report, submitted in accordance with Section 15(1) of the Michigan Gaming Control and Revenue Act, as amended, Public Act 69 of 1997 ("the Act"), provides an overview of the major events and activities that have taken place during the past year.

We are very pleased to welcome our new Board members:

- Mr. Donald Robinson of Detroit is president of Donald L. Robinson & Associates consulting firm. He succeeds the late Geraldine Bledsoe Ford.
- Honorable Benjamin Friedman, is a partner of Friedman & Lichterman, P.C. law firm and previous 45B District Court Judge. He succeeds the Honorable Roman S. Gribbs whose term expired.
- Ms. Barbara Rom of Bloomfield Hills is an attorney and partner of Pepper Hamilton, LLP a law firm in Detroit. Ms. Rom succeeds Ritchie T. Davis whose term expired.

These new members are all professional people from the Detroit area who bring a wealth of legal knowledge and experience as well as an invaluable public service and professional involvement in the Detroit metro area. I am very pleased with their appointments to the Board and I have drawn on their many talents and expert judgment in dealing with the numerous challenges we have faced this year. Their efforts ensure the fair and honest conduct of commercial casino gaming in the State of Michigan.

We continue to make great advances improving of the effectiveness and efficiency of the Board. The hiring of additional staff, changes in our organizational structure, and the implementation of technology and computer systems have allowed the agency to make significant progress. I encourage you to review the accomplishments listed later in this Report.

The most significant development this year was the passage of the Public Act 306 of 2004 that went into effect September 1, 2004. This new tax law amended PA 69, the Michigan Gaming Control and Revenue Act, and increased the wagering taxes paid by the three Detroit casinos from 18 percent to 24 percent. The combined wagering tax rate paid to the State of Michigan by the Detroit casinos went from 8.1% to 12.1%. The 6% is divided between the State of Michigan and the City of Detroit. The State Casino Fund is paid an additional 4%; the City of Detroit is paid an additional 2%.

The Act provides that a State Wagering Tax be paid by the Detroit casino licensees to the State School Aid Fund to provide additional funding for K-12 public classroom education. In calendar year 2004, the combined State Wagering Tax paid by the three Detroit casino licensees totaled over \$111,000,000.

As part of the State of Michigan's efforts to encourage responsible gaming, we continue to administer our program to place individuals on a list of Disassociated Persons. The program continues to serve problem gamblers by imposing a lifetime ban on being in a Detroit casino. This program assists those that desire to eliminate their gaming addiction. The numbers continue to increase. During the year, the Board approved an additional 346 applications for voluntary placement on the list.

The Board continues in its commitment to protect the interests of the State and its citizens by faithfully and properly administering and enforcing the provisions of the Michigan Gaming Control and Revenue Act.

Sincerely,



Damian Kassab
Chairman



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Mission Statement

"The Michigan Gaming Control Board shall ensure the conduct of fair and honest gaming to protect the interests of the citizens of the State of Michigan."

Introduction

In November 1996, Michigan voters approved Proposal E, authorizing the development of up to three licensed commercial casinos in Detroit. Proposal E subsequently took effect as law on December 5, 1996, as the Michigan Gaming Control & Revenue Act. The voter-initiated act established the Michigan Gaming Control Board (referred to as the "Board" or "MGCB") as a Type I agency within the Michigan Department of Treasury, exclusively responsible for licensing and regulating the three authorized Detroit casinos. In July 1997, the voter-initiated Act was substantially amended by the Michigan Legislature's enactment of Public Act 69 of 1997 (referred to as the "Act"). The amended Act provided for more stringent licensing criteria, substantially strengthened the licensing and regulatory authority of the Board, and provided for a system for collection of wagering taxes and fees for the City of Detroit and the State of Michigan.

The Board is comprised of five Michigan residents appointed by the Governor, with the advice and consent of the Senate. One member is designated by the Governor as the chairperson. Under the Act, no more than three members may belong to the same political party. The Michigan Legislature vested the Board with certain powers and duties specified in the Act, and such other powers necessary and proper to fully and effectively implement, administer and enforce the provisions of the Act relating to the licensing and regulation of authorized private commercial casino gaming in the City of Detroit.

Summary of the Michigan Gaming Control and Revenue Act



The Michigan Gaming Control & Revenue Act, as amended (Public Act 69 of 1997):

- Authorizes up to three licensed casinos in the City of Detroit (MGM Grand Detroit Casino was licensed in July 1999; MotorCity Casino was licensed in December 1999; Greektown Casino was licensed in November 2000)
- Creates the Michigan Gaming Control Board (a Type I agency within the Michigan Department of Treasury) and vests the Board with exclusive authority to license, regulate, and control casino gaming in the three authorized Detroit casinos
- Authorizes the Board to promulgate necessary administrative rules to properly implement, administer and enforce the amended Act
- Provides for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming equipment and other casino suppliers, and casino and supplier employees
- Establishes standards and procedures for the issuance of casino licenses, casino supplier licenses, and occupational licenses, and the approval of gambling games and gaming equipment and devices
- Authorizes civil and criminal penalties for violation of the Act
- Authorizes and imposes certain state and city wagering taxes on casinos and various fees on casino, supplier and occupational licensees
- Requires the deposit of state casino wagering tax revenues in the state school aid fund for K-12 public education in Michigan
- Authorizes the City of Detroit to levy and collect wagering taxes and municipal services fees to defray the cost of hosting casinos and provide funding for police training and public safety programs, local economic development programs, youth development programs, capital improvements, local tax relief, and other programs to improve the quality of life in the City of Detroit
- Creates the state services fee fund to provide funding for the operations of the Board to license, regulate and control casino gaming; and for the state's compulsive gambling prevention program and other casino-related State programs

- Requires annual Board registration of local labor organizations that represent casino gaming employees
- Requires certain safeguards by casino licensees to prevent compulsive and underage gambling
- Prohibits political contributions by certain persons with interests in casino and supplier license applicants and licensees to state and local political candidates and certain committees
- Establishes certain requirements and safeguards for members, employees and agents of the Board, license applicants, licensees, and others involved in gaming to prevent conflicts of interest



The Michigan Gaming Control Board – Calendar Year 2004



Mr. Damian Kassab, Chairman



Mr. DAMIAN KASSAB (reappointed by Governor Granholm to a term which expires on December 31, 2008). Mr. Kassab has served as the chairman of Warren Bank since 1997. Previously, Mr. Kassab formed an investment bank, Seger Financial, Inc. where he served in many capacities, including president, general counsel and treasurer. Mr. Kassab is a graduate of the University of Michigan, and has a law degree from the University of Colorado. Mr. Kassab resides in Rochester.

Hon. Michael Stacey



Hon. MICHAEL STACEY (one of five original appointees; reappointed in December 2002 to a four-year term expiring December 31, 2006) - Retired from Wayne County Circuit Court in 1994, Judge Stacey has remained active in the legal profession, by assisting with alternative dispute resolution and serving as a visiting judge. He resides in Oakland County in southeast Michigan.

Hon. Benjamin Friedman



Hon. BENJAMIN FRIEDMAN
Honorable Benjamin Friedman of Huntington Woods, partner of Friedman & Lichterman, P.C. law firm and previous 45B District Court judge is appointed for a term expiring December 31, 2007. He succeeds the Honorable Roman S. Gibbs whose term has expired.

Michigan Gaming Control Board cont'd.



Mr. Donald Robinson



Mr. DONALD ROBINSON

Mr. Robinson of Detroit, president of Donald L. Robinson & Associates consulting firm. The Governor reappointed Mr. Robinson for a term expiring December 31, 2008. He was initially appointed to fill the vacancy of the late Judge Geraldine Bledsoe Ford.

Ms. Barbara Rom



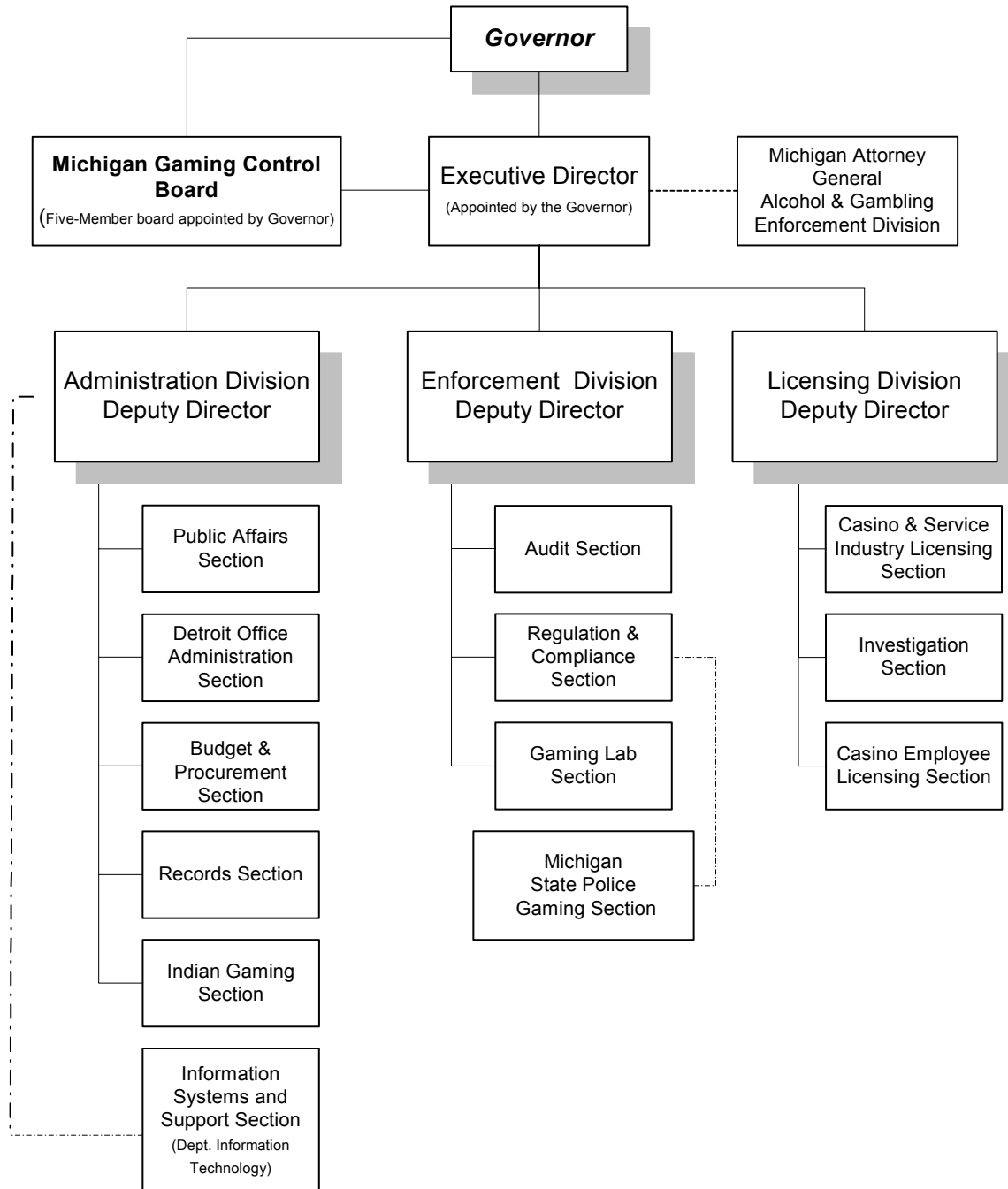
Ms. BARBARA ROM

Ms. Rom of Bloomfield Hills, partner of Pepper Hamilton, LLP law firm in Detroit. Ms. Rom is appointed for a term expiring December 31, 2007. She succeeds Ritchie T. Davis whose term has expired.

Organizational Chart



Michigan Department of Treasury Michigan Gaming Control Board



MGCB Staff – Calendar Year 2004



Executive Director Mr. Dan Gustafson
 Executive Assistant Ms. Patty James

Administration Division

Deputy Director Mr. Tom Barker
 Executive Assistant..... Ms. Laurie Lander
 Accountant..... Ms. Peggy Murphy
 Administrative Manager Mr. Eric Bush
 Financial Manager Mr. Robert Simon
 Budget Assistant..... Ms. Andrea Sanchez
 Departmental Analyst..... Ms. Tammy Colling
 Departmental Specialist..... Vacant
 Detroit Office Administrator..... Mr. Larry Smith
 Detroit Office Secretaries:
 Ms. Khristine Dyer Ms. Christina Harrison Ms. Cheryl Taylor
 Ms. Simona R. Green Ms. "Stina" Lyles
 Document & Records Analyst..... Mr. Thomas Wilson
 Document & Records Supervisor Ms. Lelia Woods
 Document & Records Technician Ms. Sophia Griffin
 Document & Records Technician..... Ms. Julie Martin
 Document & Records Technician..... Ms. Terri Miller
 Document & Records Technician..... Ms. Robyne McCray
 Departmental Analyst..... Ms. Sandra Johnson
 Information Systems Analysts Mr. Robert Hughes
 Vacant
 Ms. Jane Rademacher
 Information Systems Program Manager Vacant
 Information Systems Programmer Mr. Robert Hughes
 Information Systems Programmer Mr. Joe Welz
 Native American Gaming Oversight Lead Auditor..... Mr. David Hicks
 Native American Gaming Oversight Staff Auditor Mr. Richard Sheaffer
 Network Administrator Mr. Philip DuLong
 Procurement Analyst Ms. Marina Kotsifis
 Receptionist..... Ms. Geralyn Fedewa
 Receptionist..... Vacant
 Records Section Manager Mr. Dan Ostrom
 Regulation Officer..... Mr. Pat Devlin

Enforcement Division

Deputy Director Mr. John Page
 Executive Assistant Ms. Kara Kabia
 Casino Audit Section Manager Ms. Theresa Willis
 Casino Compliance Section Manager Mr. Michael Maher
 Casino Compliance Section Manager Mr. Brian McCafferty
 Gaming Lab Manager Vacant

Casino Auditors:

Mr. James Day	Mr. Abdul Mutahr	Mr. DeWoyne White
Ms. Lillie Jenkins	Ms. Elizabeth Orr	Mr. Jason Wiard
Mr. Stratford Johnson	Mr. Erik Pedersen	
Mr. Cedric Knott		
Information Systems Auditor	Mr. Rajesh Dharia	

Gaming Lab:

Departmental Technician.....	Mr. Aaron Pongracz
Laboratory Engineer.....	Mr. Erik Henne
Gaming Laboratory Engineer	Mr. Nader Jadallah
Gaming Laboratory Engineer	Mr. Jim Bridgewater
Gaming Laboratory Secretary	Ms. Beverly Kimbrough
Gaming Specialist	Mr. Tom Bucia

Regulation Officers:

Mr. Andrew Brisbo	Ms. Ginger Lewis	Mr. Tom Novak
Ms. Tina Scarrow	Mr. Preston McBride	Mr. Randell Schnotala
Ms. April Edmonds	Ms. Laura McDonald	Mr. Scott Thomas
Mr. Paul Flaherty	Mr. Michael McDonald	Mr. Edward Thomson
Ms. Cheryl Freeman	Ms. Gretchen Mink	Mr. John Trafelet
Ms. Stacey Johnson	Ms. LaTonya Morgan	Mr. Joshua Travis
Ms. Kristina Judge	Mr. Greg Nagel	Mr. Doug Zavorski

Licensing Division

Deputy Director	Mr. Ben McMakin
Executive Assistant.....	Ms. Pam Trakul
Casino & Service Industry Licensing Section Manager.....	Ms. Carol Flores
Casino Employee Licensing Section Manager	Mr. Nick Alagna
Investigation Section Manager.....	Mr. Rae Jim Burnett

Departmental Technicians:

Ms. Charlotte Davidson	Ms. Sharon Henderson	Ms. Melissa Peters
Mr. Craig Goerge	Ms. Marcia Kibby	Ms. Robin Simpson
Financial Analyst	Ms. Joanne Chamberlain	
Financial Analyst	Mr. Robert Peltier	
Financial Analyst	Mr. Michael Sauer	
Financial Analyst	Mr. Ron Warmbier	
Licensing Section Secretary	Ms. Melody Duwe	

Regulation Officers:

Mr. Barry Beck	Mr. Gary Elliott	Mr. Dale Thibodeau
Mr. Charles Benson	Mr. Greg Kilbourn	Mr. Gary Washington
Mr. Robert Braner, Jr.	Mr. Warren Lamb	Mr. Henry Williams
Ms. Celesta Clarkson	Mr. Rick Percy	
Ms. Pam Duke	Mr. Gary Peterson	

Michigan Attorney General, Alcohol and Gambling Enforcement Division

Assistant Attorney General in Charge	Mr. John M. "Jack" Cahill
Division Head Secretary	Ms. Randalyn Jegla
First Assistant Attorney General	Mr. Don McGehee
Assistant Attorneys General	Ms. Rhondi Keller
.....	Ms. Kandy C. Ronayne
.....	Ms. Bethany Scheib
Legal Secretary	Ms. Scheryl Brooks
	Ms. Terri Pollack

Michigan Department of State Police, Gaming Section

Inspector.....	Ellis Stafford	
Detective First Lieutenant.....	Vicki Johnson	
Detective Lieutenants.....	Robert Honey	
.....	Eric Old	
.....	John Lessnau	
Secretary:		
Ms. Joy Curry		
Detective Sergeants:		
Joe Hanley	Rick Michael	Allan Reed
Frank McCrary	Marva Moore	
Detective Specialists:		
Mark Castillo	Tonda Hill	Margie Richardson
Bradley Cox	Timothy Holme	Jennifer Schlaufman
Emerson Cox	John Keating	Debra Stone
William Dawson	Frank Little	Brad Washburn
Stephen Ford	Theresa Maylone	

Activities of the Board



In calendar year 2004, the five-member Board was comprised of the following gubernatorial appointees:

- **Mr. Damian Kassab** was reappointed by Governor Granholm to a term that expires on December 31, 2008. Mr. Kassab serves as chairman.
- **Hon. Michael Stacey**, one of five original appointees; was reappointed in December 2002 to a four-year term expiring December 31, 2006.
- **Hon. Benjamin Friedman** was appointed by Governor Granholm for a term expiring December 31, 2007. He succeeds The Honorable Roman S. Gribbs whose term expired.
- **Mr. Donald Robinson** was reappointed by Governor Granholm for a term expiring December 31, 2008.
- **Ms. Barbara Rom** was appointed for a term expiring December 31, 2007 by Governor Granholm. She succeeds Ritchie T. Davis whose term has expired.

BOARD MEETINGS

From its inception, the Board has encouraged public input regarding its policies, procedures, and activities related to licensing and regulating the three authorized Detroit casinos. To conduct Board business, inform, and receive input from the public, the Board held ten public meetings in 2004. At its public meetings, the Board not only conducted its official business, but also provided the public and news media with opportunities to ask questions and offer comment regarding casino gaming issues, and the Board's relevant policies, procedures and activities.

The Board met at the Detroit Office located at the Cadillac Place, 3062 West Grand Boulevard, Suite L-700, on the following dates:

January 2004*	July 2004*	
February 10, 2004	August 10, 2004	
March 9, 2004	September 14, 2004	
April 13, 2004	October 12, 2004	
May 11, 2004	November 9, 2004	
June 8, 2004	December 14, 2004	
*	No	Meeting

The Board adjourned to Closed Session after nine of the ten public meetings, to review confidential materials that were part of casino license applications and applications for placement on the Board's Disassociated Persons List, and thus protected from public review and disclosure under Sections 4c and 25 of the Michigan Gaming Control & Revenue Act, as amended, Public Act 69 of 1997, MCL 432.204c and MCL 432.225(4)(c). There was no Closed Session in June. Closed Sessions are not open to the public, nor are minutes of such sessions available to the public, under Michigan's Open Meetings Act, as amended, Public Act 267 of 1976. All Board meetings, whether open or closed, are held in accordance with Michigan's Open Meetings Act.

BOARD RESOLUTIONS

The Board adopted four resolutions in calendar year 2004:

Resolution No. 2004-01 (Adopted 3/9/2004) - Acknowledging The Contributions and Accomplishments Of Former Board Member Ritchie T. Davis.

Resolution No. 2004-02 (Adopted 3/9/2004) - Acknowledging The Contributions and Accomplishments Of Former Board Member Judge Roman S. Gribbs.

Resolution No. 2004-03 (Adopted 3/9/2004) - Acknowledging The Contributions and Accomplishments of Assistant Attorney General in Charge Eric Egan of the Michigan Attorney General.

Resolution No. 2004-04 (Adopted 8/10/2004) - A Board Resolution to provide criteria upon which supplier license applicants who have made political contributions during the application period may be granted waivers of Board Rule 432.1324(2)(l).



Notable Board Accomplishments



Administration Division

- The Administration Division processed, and the Board approved, 346 applications for individuals requesting inclusion on the Disassociated Persons List. A total of 907 individuals have now been placed on the Disassociated Persons List since its inception in 2000.
- Installation of state-of-the-art video-conferencing equipment in the Detroit hearing room was completed during the year. The Board also completed the reconfiguration and expansion of its offices within the casinos, the Gaming Laboratory, and the audit offices in the Cass Building.
- Phase II of the Board's document management and imaging system was implemented and the final steps were initiated to complete the "LiveLink" system.
- The Administration Division successfully obtained approval from the Office of the State Budget to increase the Board's employment target to its full staffing level of 106, which the Board expects to reach in the spring of 2005.
- The Board closed out fiscal year 2004 with a budget surplus.

Enforcement Division

- The Audit Section completed twelve Compliance Audits. Those audits were performed at each of the three Detroit casinos. Also, the Audit Section reviewed and analyzed 769 daily tax returns as compared to 734 in 2003, completed 30 Monthly Credit Reports as issued by the 3 casinos as compared to 30 in 2003, and completed review and analysis of 27 monthly tax returns as compared to 33 in the previous year. Auditors completed the review and analysis of 1st and 2nd quarter Financial Statements for each of the three Detroit casinos, conducted by the independent certified public accountant.
- The Gaming Lab completed 570 EPROM Inspections as compared to 131 in 2003. Also, the Lab completed 305 meter verifications as compared to 160 in 2003, and 324 EGD general inspections as compared to 32 in 2003. The Lab played a critical role in the completion of two MGCB investigations that culminated with Board fines for two gaming manufacturers; Acres Gaming Inc. and Aristocrat Technologies for gaming compliance and equipment violations. The Field inspection activities initiated in 2003 increased in 2004, with the percentage of the total EGDs (Electronic Gaming Devices) on the casino floors routinely inspected increasing from 4.4% to 17%.
- Regulation and Compliance staff coordinated the implementation of the MotorCity Casino Poker Room, ensuring the proper introduction of Internal Control Standards and Rules with their staff. Personnel also completed 5,916 Monitoring Inspections for 2004 as compared to 3,534 for the previous year. The staff also participated in 21 investigations with the Michigan State Police and other agencies. Personnel also

handled 58 Patron Disputes. Regulation and Compliance staff conducted 107 special projects and 113 preliminary investigations. Also, the staff implemented a structured and categorized filing system for written reports and integrated reporting network into an electronic database repository for electronic retrieval and review.

Licensing Division

- The Employee Licensing Section established a pilot program and located a licensing office inside the Greektown Casino in 2004. The Board's licensing functions were more accessible to casino employees. The 12-week trial was successful. Board staff is conducting a survey to determine if the program should be instituted in each casino.
- The Employee Licensing Section has completed background investigations and issued occupational licenses to over 95% of casino and supplier employees. The time for granting an occupational license application has been dramatically reduced. The section is now concentrating efforts on license renewal investigations for the more than 6,500 occupational license holders.
- The Investigation Section successfully concluded 64 investigations. This included special, vendor, individual qualifiers, and supplier license investigations.
- The Casino and Service Industry Licensing Section issued 21 supplier licenses and renewed 12 supplier licenses. Also, 524 vendor exemption numbers were issued. In addition, the Section recommended the denial of a supplier license for two applicants because of their lack of suitability or eligibility for a supplier license.



Minors and Compulsive Gambling



ANNUAL UNDERAGE AND COMPULSIVE GAMBLING STUDIES

Section 15(2) of the Act, MCL 432.215(2) requires that each casino licensee conduct an annual study on minors and compulsive gaming. Section 15(1) of the Act further requires that the Board include certain information regarding minors on casino premises, which each licensee must compile as part of their annual study. Following is a summary chart of the required information compiled and reported by each of the three Detroit casino licensees in their respective annual studies on minors and compulsive gaming for calendar year 2004.

Casino Licensees' Reported Contacts with Minors on Licensed Casino Premises During Calendar Year 2004

	MGM Grand 1/1/04 - 12/31/04	MotorCity 1/1/04 - 12/31/04	Greektown 1/1/04 - 12/31/04
1. The number of minors who were denied entry into the casino.	551	4616	954
2. The number of minors who were physically escorted from the casino premises.	9	6	5
3. The number of minors who were detected participating in gambling games other than slot machines.	2	1	2
4. The number of minors who were detected using slot machines.	1	4	1
5. The number of minors who were taken into custody by a law enforcement agency on the casino premises.	9	5	0
6. The number of minors who were detected illegally consuming alcohol on the casino premises.	0	0	1

Board Revenues and Expenditures



State Services Fee Fund

Section 12a of the Act, MCL 432.212a, provides that all casino-related regulatory and enforcement costs, compulsive gambling programs, and other casino-related programs, activities and services conducted by the Board, the Michigan Department of State Police, the Michigan Department of Attorney General, the Michigan Department of Community Health and other state agencies shall be paid from annual fees assessed on the three Detroit casino licensees. Under the Act, each casino licensee is required to pay an annual assessment fee on or before the date on which the licensee first began operating its casino and each year, thereafter, on that date. The amount of each licensee's annual assessment is equal to 1/3 of \$25,000,000.00 adjusted annually by multiplying the previous year's assessment by the Detroit consumer price index, as defined and reported by the United States Department of Labor, Bureau of Labor Statistics. Based on this formula, each of the three Detroit casino licensees were assessed and paid a total of \$27,868,683.18 for calendar year 2004 and \$27,505,997.02 for fiscal year 2004. From the annual assessment fees paid each year by the licensees, \$2,000,000.00 must be deposited in the state's Compulsive Gaming Prevention Fund to be used exclusively for the treatment, prevention, education, training, research and evaluation of pathological gamblers and their families, as determined by the director of the Michigan Department of Community Health.

Application and License Fees, Fines and Costs

The Board is also authorized by the Act to collect various license application fees to cover the Board's cost of conducting required background investigations of applicants for casino, supplier and occupational licenses. After an applicant is determined eligible and suitable for licensure, the Act also authorizes the Board to assess and collect license fees for both the initial issuance and subsequent renewal of casino, supplier and occupational licenses. In addition to application and license fees, the Act also authorizes the Board to impose fines and order reimbursement of investigative and enforcement costs as disciplinary actions to penalize violators of the Act or administrative rules of the Board. In calendar year 2004, the Board collected application and license fees and other authorized fees, fines and reimbursement of costs totaling \$2,168,077.41.

Board Statement of Revenues and Expenditures

Section 15(1) of the Act, MCL 432.215(1), requires that the Board's Annual Report include an account of the Board's financial position and the results of operations under the Act, for the period covered by the report. While the Board, like other state agencies, operates on a fiscal year (October 1 – September 30) basis, the Act requires that the Board's Annual Report be based on the calendar year. To give a more comprehensive account of the Board's financial position and the results of operations under the Act, the following financial statement reports the Board's revenues and expenditures for both calendar year and fiscal year 2004.

Statement of Revenues and Expenditures

(In Thousands)

REVENUES

State Casino Gaming Fund	<u>Fiscal Year 2004</u>	<u>Calendar Year 2004</u>
Casino/supplier fees and fines	\$ 465.0	\$ 240.0
Other	-	-
 State Services Fee Fund		
Annual assessments	27,506.0	27,868.7
<u>Application Fees:</u>		
Casinos	97.1	19.5
Suppliers	277.8	265.7
Occupational	122.0	117.9
<u>License Fees:</u>		
Casinos	75.0	75.0
Suppliers	340.0	334.9
Occupational	472.9	470.3
<u>Other fees</u>	12.8	13.0
 Native American Casino Fund		
Oversight fees	298.1	220.5
 Lab Fund		
Testing fees	488.8	411.2
Total Revenue	30,155.5	30,036.8

EXPENDITURES

State Services Fee Fund		
Board	6.7	5.1
Administration	14,149.5	14,685.1
Background investigations	496.9	406.0
Prior year work projects	115.8	115.8
 Native American Casino Fund	277.9	284.4
 Lab Fund	460.5	506.4
Total Expenditures	15,507.3	16,002.7

OTHER FINANCING SOURCES (USES)

Transfers from other funds	-	-
Transfers to other funds:		
State Services Fee Fund		
Department of Community Health	(2,000.0)	(2,000.0)
Michigan Office of the Auditor General	(978.7)	(978.7)
Department of Treasury	(324.5)	(324.5)
Department of Agriculture	(5,419.6)	(5,419.6)
Department of Civil Service	(50.0)	(50.0)
Native American Casino Fund	(1.6)	(1.6)
Lab Fund	(3.4)	(3.4)
Total Other Financing Sources (Uses)	(8,777.9)	(8,777.9)
Excess of Revenues and Other Sources over		
(under) Expenditures and Other uses	\$ 5,870.3	\$ 5,256.1

Footnotes:

1. Approval for calendar year presentation was requested and received from the Department of Management and Budget, Office of Financial Management.
2. Governmental fund types are accounted for using the modified accrual basis of accounting.



Casino Revenues & State Wagering Taxes



STATE CASINO WAGERING TAX

Section 12 of the Act, MCL 432.212, imposes an 8.1% State Wagering Tax on the adjusted gross receipts received by each Detroit casino licensee from casino gaming authorized by the Act. The Act defines “adjusted gross receipts” as being the licensee’s gross gaming receipts less winnings paid to wagerers.

Public Act No. 306 of 2004 amended the original Act. Effective September 1, 2004 the State Wagering Tax was increased by 4% to 12.1%. Of the additional 4%, 3.5% is deposited in the State’s General Fund and .5% is deposited in the Michigan Agriculture Equine Industry Development Fund. The original 8.1% State Wagering Tax paid by the Detroit casino licensees is deposited in the State’s School Aid Fund to provide additional funds for K-12 public classroom education.

In calendar year 2004, the combined 8.1% State Wagering Taxes paid by the three Detroit casino licensees and deposited in the School Aid Fund totaled \$96,332,149.57. The combined 3.5% State Wagering Taxes deposited in the General Fund totaled \$13,193,492.34 for the time period of September 1 through December 31, 2004. The combined .5% State Wagering Taxes deposited in the Michigan Agriculture Equine Industry Development Fund totaled \$1,884,784.60 for the same period. The School Aid Fund has received a total of \$436,080,244.40 in State Wagering Taxes paid by the three Detroit casino licensees from the time when the first casino was licensed and began operations in July 1999 through the end of calendar year 2004.

The following is a monthly and annual summary of the adjusted gross receipts and State Wagering Tax payments for the three Detroit casino licensees from July 1999 through the end of calendar year 2004:

Casino Revenues & Wagering Taxes 1999

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
July	\$4,818,554.11	\$390,302.88	-	-	-	-	\$4,818,554.11	\$390,302.88
August	\$35,206,963.97	\$2,851,764.08	-	-	-	-	\$35,206,963.97	\$2,851,764.08
September	\$33,951,508.55	\$2,750,072.19	-	-	-	-	\$33,951,508.55	\$2,750,072.19
October	\$34,457,655.34	\$2,791,070.08	-	-	-	-	\$34,457,655.34	\$2,791,070.08
November	\$33,753,191.20	\$2,734,008.49	-	-	-	-	\$33,753,191.20	\$2,734,008.49
December	\$31,491,239.05	\$2,550,790.36	\$14,759,589.25	\$1,195,526.73	-	-	\$46,250,828.30	\$3,746,317.09
Total	\$173,679,112.22	\$14,068,008.09	\$14,759,589.25	\$1,195,526.73	-	-	\$188,438,701.47	\$15,263,534.82

Casino Revenues & State Wagering Taxes, cont'd.



Casino Revenues & Wagering Taxes 2000

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$32,458,134.63	\$2,629,108.91	\$22,742,714.82	\$1,842,159.90	-	-	\$55,200,849.45	\$4,471,268.81
February	\$30,953,211.30	\$2,507,210.12	\$23,033,091.15	\$1,865,680.38	-	-	\$53,986,302.45	\$4,372,890.50
March	\$37,511,192.05	\$3,038,406.56	\$25,177,767.41	\$2,039,399.16	-	-	\$62,688,959.46	\$5,077,805.72
April	\$34,198,920.36	\$2,770,112.55	\$25,988,688.06	\$2,105,083.73	-	-	\$60,187,608.42	\$4,875,196.28
May	\$33,765,674.10	\$2,735,019.60	\$26,550,564.81	\$2,150,595.75	-	-	\$60,316,238.91	\$4,885,615.35
June	\$31,422,116.80	\$2,545,191.46	\$27,390,357.23	\$2,218,618.94	-	-	\$58,812,474.03	\$4,763,810.40
July	\$36,528,965.25	\$2,958,846.19	\$29,794,583.93	\$2,413,361.30	-	-	\$66,323,549.18	\$5,372,207.48
August	\$33,160,279.83	\$2,685,982.67	\$28,565,714.45	\$2,313,822.87	-	-	\$61,725,994.28	\$4,999,805.54
September	\$34,396,641.93	\$2,786,128.00	\$28,003,948.71	\$2,268,319.85	-	-	\$62,400,590.64	\$5,054,447.84
October	\$34,143,474.63	\$2,765,621.45	\$29,011,313.79	\$2,349,916.42	-	-	\$63,154,788.42	\$5,115,537.86
November	\$28,945,346.53	\$2,344,573.07	\$26,729,451.67	\$2,165,085.59	\$13,636,392.00	\$1,104,547.75	\$69,311,190.20	\$5,614,206.41
December	\$29,751,377.52	\$2,409,861.58	\$22,758,778.35	\$1,843,461.05	\$17,014,267.55	\$1,378,155.67	\$69,524,423.42	\$5,631,478.30
Total	\$397,235,334.93	\$32,176,062.13	\$315,746,974.38	\$25,575,504.92	\$30,650,659.55	\$2,482,703.42	\$743,632,968.86	\$60,234,270.48

Casino Revenues & Wagering Taxes 2001

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$27,531,158.35	\$2,230,023.83	\$27,734,835.66	\$2,246,521.69	\$18,326,007.55	\$1,484,406.61	\$73,592,001.56	\$5,960,952.13
February	\$28,032,821.35	\$2,270,658.53	\$27,995,759.75	\$2,267,656.54	\$19,718,880.98	\$1,597,229.36	\$75,747,462.08	\$6,135,544.43
March	\$31,969,009.25	\$2,589,489.75	\$31,890,473.71	\$2,583,128.37	\$22,403,377.25	\$1,814,673.56	\$86,262,860.21	\$6,987,291.68
April	\$28,147,244.28	\$2,279,926.79	\$29,744,000.27	\$2,409,264.02	\$20,203,624.10	\$1,636,493.55	\$78,094,868.65	\$6,325,684.36
May	\$29,620,962.68	\$2,399,297.98	\$28,892,271.27	\$2,340,273.97	\$21,460,104.51	\$1,738,268.47	\$79,973,338.46	\$6,477,840.42
June	\$29,953,124.70	\$2,426,203.10	\$28,141,924.64	\$2,279,495.90	\$21,977,862.01	\$1,780,206.82	\$80,072,911.35	\$6,485,905.82
July	\$30,140,278.83	\$2,441,362.59	\$28,612,706.18	\$2,317,629.20	\$22,743,923.66	\$1,842,257.82	\$81,496,908.67	\$6,601,249.60
August	\$30,357,105.65	\$2,458,925.56	\$31,100,472.73	\$2,519,138.29	\$26,254,526.30	\$2,126,616.63	\$87,712,104.68	\$7,104,680.48
September	\$30,951,206.57	\$2,507,047.73	\$29,743,520.53	\$2,409,225.16	\$24,500,227.89	\$1,984,518.46	\$85,194,954.99	\$6,900,791.35
October	\$33,169,099.85	\$2,686,697.09	\$32,587,938.80	\$2,639,623.05	\$27,252,501.23	\$2,207,452.60	\$93,009,539.88	\$7,533,772.73
November	\$32,630,501.70	\$2,643,070.64	\$31,541,904.91	\$2,554,894.30	\$27,261,309.56	\$2,208,166.07	\$91,433,716.17	\$7,406,131.01
December	\$33,633,346.75	\$2,724,301.09	\$33,048,959.46	\$2,676,965.72	\$27,720,493.14	\$2,245,359.94	\$94,402,799.35	\$7,646,626.75
Total	\$366,135,859.96	\$29,657,004.68	\$361,034,767.91	\$29,243,816.21	\$279,822,838.18	\$22,665,649.89	\$1,006,993,466.05	\$81,566,470.76

Casino Revenues & State Wagering Taxes, cont'd.



Casino Revenues & Wagering Taxes 2002

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
January	\$35,225,125.14	\$2,853,235.14	\$33,345,361.87	\$2,700,974.31	\$26,191,327.25	\$2,121,497.50	\$94,761,814.26	\$7,675,706.95
February	\$33,891,692.10	\$2,745,227.06	\$33,557,628.15	\$2,718,167.88	\$26,923,120.80	\$2,180,772.78	\$94,372,441.05	\$7,644,167.73
March	\$35,763,563.63	\$2,896,848.65	\$37,282,523.71	\$3,019,884.42	\$29,304,762.19	\$2,373,685.74	\$102,350,849.53	\$8,290,418.82
April	\$34,989,268.04	\$2,834,130.71	\$33,881,475.66	\$2,744,399.53	\$28,257,952.35	\$2,288,894.14	\$97,128,696.05	\$7,867,424.38
May	\$33,603,150.03	\$2,721,855.15	\$33,885,981.07	\$2,744,764.47	\$27,811,202.65	\$2,252,707.42	\$95,300,333.75	\$7,719,327.03
June	\$30,729,140.13	\$2,489,060.35	\$32,864,130.97	\$2,661,994.61	\$24,891,440.93	\$2,016,206.71	\$88,484,712.03	\$7,167,261.67
July	\$30,817,595.67	\$2,496,225.25	\$34,576,497.84	\$2,800,696.33	\$28,070,250.86	\$2,273,690.32	\$93,464,344.37	\$7,570,611.89
August	\$31,371,393.48	\$2,541,082.87	\$35,449,122.06	\$2,871,378.89	\$28,803,846.28	\$2,333,111.55	\$95,624,361.82	\$7,745,573.31
September	\$32,210,963.77	\$2,609,088.07	\$31,430,824.13	\$2,545,896.75	\$25,688,839.87	\$2,080,796.03	\$89,330,627.77	\$7,235,780.85
October	\$32,367,494.76	\$2,621,767.08	\$31,855,118.45	\$2,580,264.59	\$27,938,265.50	\$2,262,999.51	\$92,160,878.71	\$7,465,031.18
November	\$31,901,730.15	\$2,584,040.14	\$30,300,866.61	\$2,454,370.20	\$28,041,184.39	\$2,271,335.94	\$90,243,781.15	\$7,309,746.27
December	\$32,110,576.37	\$2,600,956.69	\$34,084,011.99	\$2,760,804.97	\$25,726,071.61	\$2,083,811.80	\$91,920,659.97	\$7,445,573.46
Total	\$394,981,693.27	\$31,993,517.15	\$402,513,542.51	\$32,603,596.94	\$327,648,264.68	\$26,539,509.44	\$1,125,143,500.46	\$91,136,623.53

Casino Revenues & Wagering Taxes 2003

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
January	\$31,080,956.65	\$2,517,899.88	\$32,346,085.05	\$2,620,032.89	\$24,460,451.74	\$1,981,296.59	\$87,887,493.44	\$7,119,229.36
February	\$30,254,268.80	\$2,450,595.77	\$31,885,461.64	\$2,582,722.39	\$25,992,944.72	\$2,105,428.52	\$88,132,675.16	\$7,138,746.69
March	\$35,624,812.36	\$2,885,609.80	\$37,058,399.63	\$3,001,730.37	\$31,156,776.51	\$2,523,698.90	\$103,839,988.50	\$8,411,039.07
April	\$32,956,228.49	\$2,669,454.51	\$32,803,712.03	\$2,657,100.67	\$26,758,352.12	\$2,167,426.52	\$92,518,292.64	\$7,493,981.70
May	\$37,335,390.91	\$3,024,166.66	\$34,919,500.27	\$2,828,479.52	\$31,236,521.52	\$2,530,158.24	\$103,491,412.70	\$8,382,804.43
June	\$33,063,915.99	\$2,678,177.20	\$33,023,392.69	\$2,674,894.81	\$25,913,056.05	\$2,098,957.54	\$92,000,364.73	\$7,452,029.54
July	\$33,276,177.10	\$2,695,370.35	\$33,918,573.44	\$2,747,404.45	\$27,802,132.06	\$2,251,972.70	\$94,996,882.60	\$7,694,747.49
August	\$34,930,533.41	\$2,829,373.21	\$31,411,337.82	\$2,544,318.36	\$28,603,426.63	\$2,316,877.56	\$94,945,297.86	\$7,690,569.13
September	\$32,152,338.33	\$2,604,839.40	\$32,534,728.78	\$2,635,313.03	\$25,159,217.35	\$2,037,896.60	\$89,846,284.46	\$7,278,049.04
October	\$34,360,229.29	\$2,783,178.57	\$33,286,562.48	\$2,696,211.56	\$26,850,644.04	\$2,174,902.17	\$94,497,435.81	\$7,654,292.30
November	\$33,707,772.93	\$2,730,329.61	\$33,354,052.07	\$2,701,678.22	\$26,840,528.28	\$2,174,082.79	\$93,902,353.28	\$7,606,090.62
December	\$34,570,215.07	\$2,800,187.42	\$35,034,464.89	\$2,837,791.66	\$24,538,726.02	\$1,987,636.81	\$94,143,405.98	\$7,625,615.88
Total	\$403,312,839.33	\$32,669,182.37	\$401,576,270.79	\$32,527,677.93	\$325,312,777.04	\$26,350,334.94	\$1,130,201,887.16	\$91,547,195.24

Casino Revenues & Wagering Taxes 2004

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		All Detroit Casinos	
Month	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Gross Receipts	Total State Wagering Tax (12.1%)
January	\$33,164,130.61	\$2,686,294.58	\$35,019,468.57	\$2,836,576.95	\$25,234,740.60	\$2,044,013.99	\$93,418,339.78	\$7,566,885.52
February	\$36,213,516.94	\$2,933,294.87	\$37,224,255.46	\$3,015,164.69	\$28,011,187.51	\$2,268,906.19	\$101,448,959.91	\$8,217,365.75
March	\$38,056,927.36	\$3,082,611.12	\$36,678,617.69	\$2,970,968.03	\$27,081,668.36	\$2,193,615.14	\$101,817,213.41	\$8,247,194.29
April	\$42,565,080.31	\$3,447,771.51	\$38,155,066.74	\$3,090,560.41	\$31,338,542.42	\$2,538,421.94	\$112,058,689.47	\$9,076,753.85
May	\$41,179,721.54	\$3,335,557.44	\$39,202,887.35	\$3,175,433.88	\$28,280,670.06	\$2,290,734.27	\$108,663,278.95	\$8,801,725.59
June	\$33,590,721.92	\$2,720,848.48	\$34,369,225.88	\$2,783,907.30	\$25,476,629.27	\$2,063,606.97	\$93,436,577.07	\$7,568,362.74
July	\$37,115,573.42	\$3,006,361.45	\$38,634,302.35	\$3,129,378.49	\$27,387,306.15	\$2,218,371.80	\$103,137,181.92	\$8,354,111.74
August	\$35,568,470.92	\$2,881,046.14	\$36,958,351.13	\$2,993,626.44	\$25,757,196.16	\$2,086,332.89	\$98,284,018.21	\$7,961,005.47
September*	\$32,601,312.44	\$3,944,758.81	\$33,784,356.27	\$4,087,907.11	\$25,493,993.34	\$3,084,773.19	\$91,879,662.05	\$11,117,439.11
October	\$33,489,340.23	\$4,052,210.17	\$35,944,840.07	\$4,349,325.65	\$26,442,742.12	\$3,199,571.80	\$95,876,922.42	\$11,601,107.61
November	\$33,548,680.97	\$4,059,390.40	\$35,182,101.27	\$4,257,034.25	\$24,719,193.14	\$2,991,022.37	\$93,449,975.38	\$11,307,447.02
December	\$36,175,953.73	\$4,377,290.40	\$34,954,144.82	\$4,229,451.52	\$24,663,519.76	\$2,984,285.89	\$95,793,618.31	\$11,591,027.82
Total	\$433,269,430.39	\$40,527,435.36	\$436,107,617.60	\$40,919,334.72	\$319,887,388.89	\$29,963,656.44	\$1,189,264,436.88	\$111,410,426.51
<i>* Public Act 306 of 2004 went into effect September 1, 2004. This new tax law amends PA 69, the Michigan Gaming Control and Revenue Act, and increases the wagering taxes paid by the three Detroit casinos from 18 percent to 24 percent. The combined wagering tax rate paid to the State of Michigan by the Detroit casinos went from 8.1% to 12.1%. The 6% is divided between the State of Michigan and the City of Detroit. The State Casino Fund is paid an additional 4%, the City of Detroit is paid an additional 2%.</i>								





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